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SENATE HIGHWAYS AND TRANSPORTATION

EXHIBIT NO. 7

DATE: 3-15-2011

BILL NO. PAUL T. KELLER (1907-2003)
GLEN L. DRAKE (1927-2001) **HB 265**

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March 14, 2011

Hand Delivered

Chairman Llew Jones and Members
Senate Highways and Transportation Cmte.
Montana State Capitol
Helena, MT 59601

Re: HB 265 Testimony - March 10, 2011

Chairman Jones:

HB 265, a bill that would prohibit an insurer from unilaterally and arbitrarily disregarding a cost or operation in a computer generated estimate, was heard in your committee last Thursday, March 10, 2011. The bill is advanced by the Montana Collision Repair Specialists and several of its members testified at Thursday's hearing. I am compelled to write the Committee based upon several misstatements or incomplete statements made to the Committee by the MCRS proponents which insurers were unable to correct during the course of the hearing. I believe the potential for the statements to mislead the committee is serious enough to warrant this clarification.

In his testimony on HB 265, Mr. Bruce Halcro, President of MCRS, made several uncorrected representations to the Committee that are either false or misleading. In his testimony, Mr. Halcro made three important points regarding the language of HB 265:

1. The same law exists in Minnesota and in Rhode Island;
2. In those states, average auto premiums have decreased since passage;
3. Minnesota and Rhode Island have "significantly fewer" uninsured motorists than Montana.

The first statement is false. The language in HB 265 has been adopted in only one state - Minnesota. That language is Minnesota Statute 72B.092(7), passed in 2008. Contrary to the testimony of Mr. Halcro, however, the Rhode Island statute is entirely different than the language of HB 265.

Chairman Llew Jones and Members

March 14, 2011

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The Rhode Island statute is H 5549, Substitute A, passed by the Rhode Island General Assembly in 2007. I have attached H 5549 for your review. The sections added to Rhode Island law by H 5549 are in blue font. In summary, the first two sections of the Rhode Island law prohibit modification (19), or the incomplete utilization of an automated appraisal system (20). A third section requires payment for paint and refinishing materials in an auto body repair (21).

Mr. Halcro and other proponents of HB 265 neglected to inform the Committee of two other very important sections of the Rhode Island law. The first section is (b) which provides that nothing in the law is meant to interfere with any contract between an insurer and an auto body repair facility. And, most importantly, the Rhode Island law specifically states:

(2) If an insurance company and auto body repair facility have contracted under a direct repair program or any similar program thereto the provision of (19), (20), and (21) shall not apply. R. I. 27-9.1-4. (2).

The Rhode Island language recognizes what I have stated to both the House and Senate committees on HB 265: direct repair arrangements are negotiated between two sophisticated business partners and should allow for a flexible relationship and some give and take between the insurer and the repair facility. As such, if the committee moves forward with HB 265, the language discussed above in (21)(b) and (2) of the Rhode Island statute should also be included in Montana statute.

Mr. Halcro also informed the committee that since these laws were passed in Rhode Island and Minnesota, the cost of insurance went down in those states, implying that the HB 265 language was the reason for the decreased premiums. A closer look at those two state shows that since 2007, Minnesota enacted a primary seatbelt requirement, a primary child restraint requirement, limitations on cell phone use, and limitations on texting while driving. Since 2007, Rhode Island enacted limitations on cell phone use and texting. It is also worth noting that over the past three years, average auto premiums have decreased in **45 of our 50 states**, regardless of this legislation.

Finally, Mr. Halcro testified that since the HB 265 language was passed in Minnesota and Rhode Island, those states "have significantly fewer uninsured motorists," again implying that HB 265 will lower Montana's uninsured motorist rate. For the committee's information, the most current information I could locate on this issue (2007, Insurance Research Council) shows that Montana has an uninsured motorist rate of 15% , Minnesota has an uninsured motorist rate of 12% , and Rhode Island has an uninsured motorist rate of 14%. Whether those rates are "reflect "significantly fewer uninsured motorists."

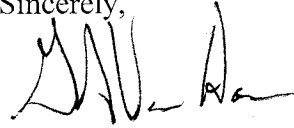
Chairman Llew Jones and Members

March 14, 2011

Page 3

I ask the Committee to take the above information into consideration prior to its action on HB 265. Thank you for this opportunity to clarify the record.

Sincerely,

A handwritten signature in black ink, appearing to read 'G. Van Horssen', with a stylized flourish at the end.

Gregory A. Van Horssen
State Farm Insurance Companies

cc: Andrew Geiger

enc: Minn. 72B.092 (2010); R.I. H 5549 (2007);
IRC Uninsured Motorist Report, 2009;
Carinsurance.com Report, 2011.

2010 Minnesota Statutes

72B.092 MOTOR VEHICLE INSURANCE ADJUSTMENTS; PROHIBITIONS.

Subdivision 1. **Prohibitions on insurer.** No adjuster or insurer, director, officer, broker, agent, attorney-in-fact, employee, or other representative of an insurer shall in collision cases:

- (1) limit the freedom of an insured or claimant to choose the shop;
- (2) require that an insured or claimant present the claim or the automobile for loss adjustment or inspection at a "drive-in" claim center or any other similar facility solely under the control of the insurer;
- (3) engage in boycotts, intimidation or coercive tactics in negotiating repairs to damaged motor vehicles which they insure or are liable to claimants to have repaired;
- (4) attempt to secure, except in an emergency, the insured's or claimant's signature authorizing the party securing the signature to act in behalf of the insured or claimant in selection of a repair shop facility;
- (5) adjust a damage appraisal of a repair shop when the extent of damage is in dispute without conducting a physical inspection of the vehicle;
- (6) specify the use of a particular vendor for the procurement of parts or other materials necessary for the satisfactory repair of the vehicle. This clause does not require the insurer to pay more than a reasonable market price for parts of like kind and quality in adjusting a claim; or
- (7) unilaterally and arbitrarily disregard a repair operation or cost identified by an estimating system, which an insurer and collision repair facility have agreed to utilize in determining the cost of repair.

Subd. 2. **Boycotts.** No motor vehicle repair shop shall in any way coerce, or intimidate a motor vehicle owner to boycott an insurer's "drive-in" claim center or similar facility.

Subd. 3. **Owner's signature.** No motor vehicle repair shop shall attempt to secure, except in an emergency, the vehicle owner's signature authorizing the party securing the signature to act in behalf of the owner in selection of a repair shop.

Subd. 4. **Access to repair shop.** An insurer's representative shall not be unreasonably denied access to a motor vehicle repair shop during normal business hours for the purpose of inspecting or reinspecting damaged vehicles.

Subd. 5. **Storage and towing charges.** When a damaged vehicle is towed to a motor vehicle repair shop, the storage and towing charges shall not exceed the usual and customary charges for the towing and storage of undamaged vehicles in the area except if the vehicle, due to its damaged condition, requires special handling in the towing or storage, an added charge may be made.

History: 1980 c 456 s 3; 1986 c 444; 2007 c 80 s 1; 2008 c 284 s 1

2007 -- H 5549 SUBSTITUTE A

LC02021/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2007

A N A C T

RELATING TO INSURANCE - UNFAIR CLAIMS SETTLEMENT PRACTICES ACT

Introduced By: Representatives Corvese, and Long

Date Introduced: February 28, 2007

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 27-9.1-4 of the General Laws in Chapter 27-9.1 entitled "Unfair
2 Claims Settlement Practices Act" is hereby amended to read as follows:

3 **27-9.1-4. "Unfair claims practices" defined.** — (a) Any of the following acts by an
4 insurer, if committed in violation of section 27-9.1-3, constitutes an unfair claims practice:

5 (1) Misrepresenting to claimants and insured relevant facts or policy provisions relating
6 to coverage at issue;

7 (2) Failing to acknowledge and act with reasonable promptness upon pertinent
8 communications with respect to claims arising under its policies;

9 (3) Failing to adopt and implement reasonable standards for the prompt investigation and
10 settlement of claims arising under its policies;

11 (4) Not attempting in good faith to effectuate prompt, fair, and equitable settlement of
12 claims submitted in which liability has become reasonably clear;

13 (5) Compelling insured, beneficiaries, or claimants to institute suits to recover amounts
14 due under its policies by offering substantially less than the amounts ultimately recovered in suits
15 brought by them;

16 (6) Refusing to pay claims without conducting a reasonable investigation;

17 (7) Failing to affirm or deny coverage of claims within a reasonable time after having
18 completed its investigation related to the claim or claims;

19 (8) Attempting to settle or settling claims for less than the amount that a reasonable

1 person would believe the insured or beneficiary was entitled by reference to written or printed
2 advertising material accompanying or made part of an application;

3 (9) Attempting to settle or settling claims on the basis of an application that was
4 materially altered without notice to, or knowledge or consent of, the insured;

5 (10) Making claims payments to an insured or beneficiary without indicating the
6 coverage under which each payment is being made;

7 (11) Unreasonably delaying the investigation or payment of claims by requiring both a
8 formal proof of loss form and subsequent verification that would result in duplication of
9 information and verification appearing in the formal proof of loss form;

10 (12) Failing in the case of claims denials or offers of compromise settlement to promptly
11 provide a reasonable and accurate explanation of the basis of those actions;

12 (13) Failing to provide forms necessary to present claims within ten (10) calendar days
13 of a request with reasonable explanations regarding their use;

14 (14) Failing to adopt and implement reasonable standards to assure that the repairs of a
15 repairer owned by or required to be used by the insurer are performed in a workmanlike manner;

16 (15) Misleading a claimant as to the applicable statute of limitations;

17 (16) Failing to respond to a claim within thirty (30) days, unless the insured shall agree
18 to a longer period;

19 (17) Engaging in any act or practice of intimidation, coercion, threat or
20 misrepresentation of consumers rights, for or against any insured person or entity to use a
21 particular rental car company for motor vehicle replacement services or products; provided,
22 however, nothing shall prohibit any insurance company, agent or adjuster from providing to such
23 insured person or entity the names of a rental car company with which arrangements have been
24 made with respect to motor vehicle replacement services; provided, that the rental car company is
25 licensed pursuant to Rhode Island general laws section 31-5-33; or

26 (18) Refusing to honor a "direction to pay" executed by an insured indicating that the
27 insured wishes to have the insurance company directly pay his or her motor vehicle replacement
28 vehicle rental benefit to the rental car company of the consumer's choice; provided, that the rental
29 car company is licensed pursuant to Rhode Island general laws section 31-5-33. Nothing in this
30 section shall be construed to prevent the insurance company's ability to question or challenge the
31 amount charged, in accordance with its policy provisions, and the requirements of the department
32 of business regulation.

33 (19) Modifying any published manual (i.e. motors, mitchells, or any automated appraisal
34 system) relating to auto body repair without prior agreement between the parties.

- 1 (20) Failing to use a manual or system in its entirety in the appraisal of a motor vehicle;
2 (21) Refusing to compensate an auto body shop for documented charges as identified
3 through industry recognized software programs or systems for paint and refinishing materials in
4 auto body repair claims; and/or
5 (b)(1) Nothing contained in subsections 27-9.1-4(a) (19), (20), & (21) of this chapter
6 shall be construed to interfere with an auto body repair facility's contract with an insurance
7 company.
8 (2) If an insurance company and auto body repair facility have contracted under a direct
9 repair program or any similar program thereto the provisions of subsections 27-9.1-4(a) (19), (20)
10 & (21) shall not apply.
11 (3) If the insured or claimant elects to have the vehicle repaired at a shop of his or her
12 choice, the insurer shall not limit or discount the reasonable repair costs based upon the charges
13 that would have been incurred had the vehicle been repaired by the insurer's chosen shop(s).
14 SECTION 2. This act shall take effect upon passage.

LC02021/SUB A

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO INSURANCE - UNFAIR CLAIMS SETTLEMENT PRACTICES ACT

- 1 This act would make it an unfair practice for an insurance company not to follow all
2 components of a repair manual when appraising a damaged vehicle.
3 This act would take effect upon passage.

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LC02021/SUB A
=====

Date: January 21, 2009

Contact: David Corum
Phone: 610-644-2212, ext. 7506
E-mail: corum@cpcuia.org

Economic Downturn May Push Percentage of Uninsured Motorists to All-Time High

MALVERN, Pa.—Approximately one in six drivers across the United States may be driving uninsured by 2010, according to a recent study from Insurance Research Council (IRC). Although the estimated percentage of uninsured motorists decreased nationally, from 14.9 percent in 2003 to 13.8 percent in 2007, the recent economic downturn is expected to trigger a sharp rise in the uninsured motorist rate.

The recently released study, *Uninsured Motorists, 2008 Edition*, estimates the percentage of uninsured drivers countrywide and by state for the period 2005 to 2007. The IRC estimates the uninsured driver population using a ratio of insurance claims made by individuals who were injured by uninsured drivers to claims made by individuals who were injured by insured drivers. The study contains recent statistics by state on uninsured motorists claim frequency, bodily injury liability claim frequency, and the ratio of uninsured motorists to bodily injury claim frequencies.

The magnitude of the uninsured motorists problem varied widely from state to state. In 2007, the five states with the highest uninsured driver estimates were New Mexico (29 percent), Mississippi (28 percent), Alabama (26 percent), Oklahoma (24 percent), and Florida (23 percent). The five states with the lowest uninsured driver estimates were Massachusetts (1 percent), Maine (4 percent), North Dakota (5 percent), New York (5 percent), and Vermont (6 percent).

The report also found a strong correlation between the percent of uninsured motorists and the unemployment rate: An increase in the unemployment rate of one percentage point is associated with an increase in the uninsured motorist rate of more than three-quarters of a percentage point. Based on current unemployment rate projections, the percentage of uninsured motorists is expected to rise from 13.8 in 2007 to 16.1 in 2010.

"An increase in the number of uninsured motorists is an unfortunate consequence of the economic downturn and illustrates how virtually everyone is affected by recent economic developments," said Elizabeth A. Sprinkel, senior vice president of the IRC. "Responsible drivers who purchase insurance end up paying for injuries caused by uninsured drivers."

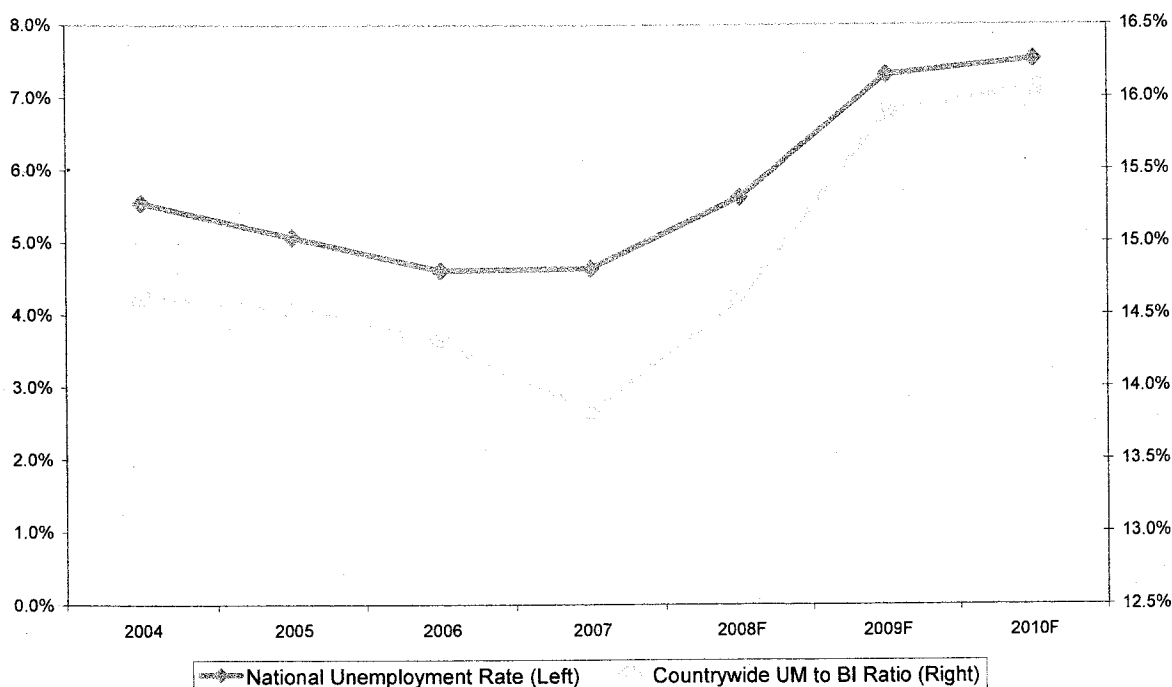
The IRC study examined data collected from nine insurers, representing approximately 50 percent of the private passenger auto insurance market in the U.S. For more detailed information on the study's methodology and findings, contact David Corum by phone at (610) 644-2212, ext. 7506; by fax at (610) 640-5388; or by e-mail at irc@cpcuila.org; or visit the IRC's Web site at www.ircweb.org. Copies of the study are available for \$125 each in the U.S. (\$140 elsewhere) postpaid from the Insurance Research Council, 718 Providence Rd., Malvern, Pa. 19355-3402. Phone: (610) 644-2212, 7574. Fax: (610) 640-5388.

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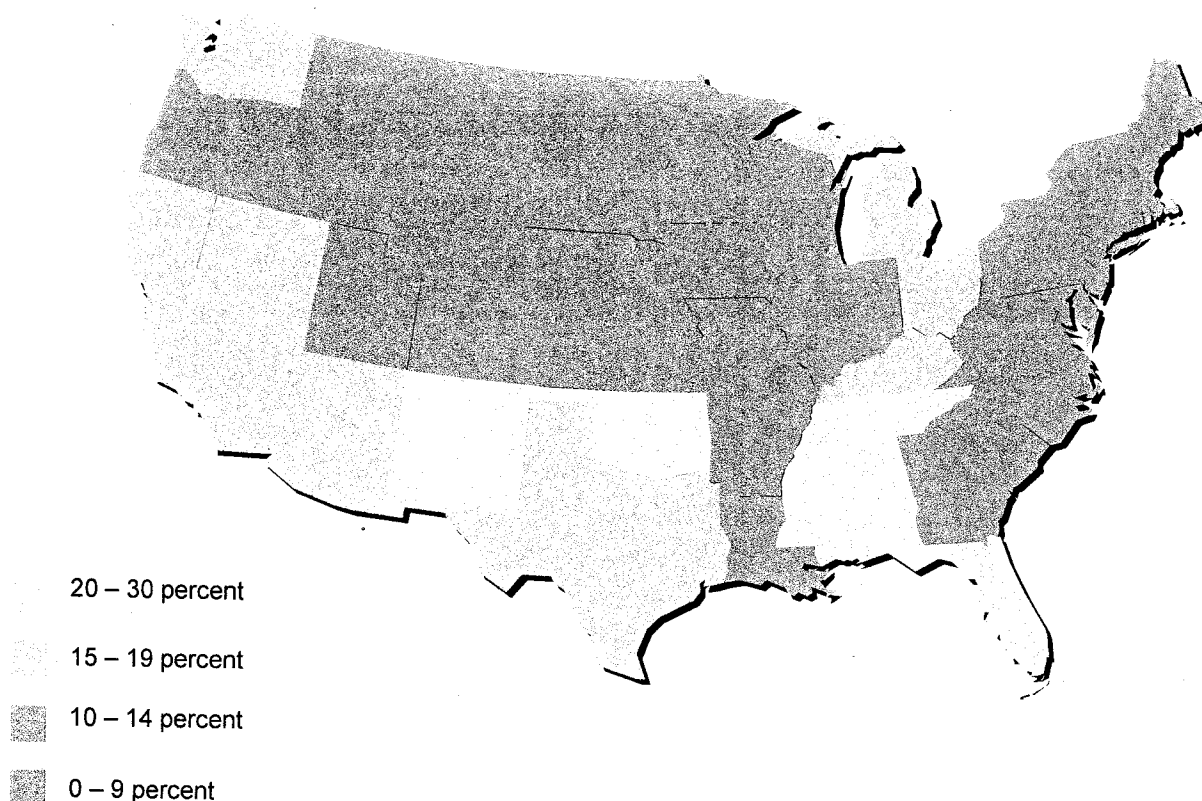
NOTE TO EDITORS: The Insurance Research Council is a division of the American Institute for CPCU and the Insurance Institute of America. The Institutes are independent, not-for-profit organizations dedicated to providing educational programs, professional certification, and research for the property-casualty insurance business. The IRC provides timely and reliable research to all parties involved in public policy issues affecting insurance companies and their customers. The IRC does not lobby or advocate legislative positions. It is supported by leading property-casualty organizations.

UM to BI Claim Frequency Ratio Expected to Increase

Historical Data: 2004-2007, Forecasts: 2008-2010



**Variation By State of Uninsured Motorists Percentage
Based on 2007 UM to BI Frequency Ratios**



Estimated Percentage of Uninsured Motorists by State in 2007

<u>State</u>	<u>Uninsured</u>	<u>State</u>	<u>Uninsured</u>	<u>State</u>	<u>Uninsured</u>
New Mexico	29%	Montana	15%	Kansas	10%
Mississippi	28%	Colorado	15%	Connecticut	9%
Alabama	26%	D.C.	15%	Virginia	9%
Oklahoma	24%	Indiana	14%	South Carolina	9%
Florida	23%	Missouri	14%	Idaho	9%
Tennessee	20%	Rhode Island	14%	Wyoming	9%
California	18%	Alaska	13%	New Jersey	8%
Arizona	18%	Maryland	12%	Utah	8%
Michigan	17%	Hawaii	12%	Nebraska	8%
Washington	16%	Louisiana	12%	West Virginia	8%
Ohio	16%	Iowa	12%	Pennsylvania	7%
Kentucky	16%	Minnesota	12%	South Dakota	7%
Texas	15%	North Carolina	12%	Vermont	6%
Nevada	15%	Georgia	12%	New York	5%
Arkansas	15%	New Hampshire	11%	North Dakota	5%
Wisconsin	15%	Oregon	11%	Maine	4%
Illinois	15%	Delaware	10%	Massachusetts	1%



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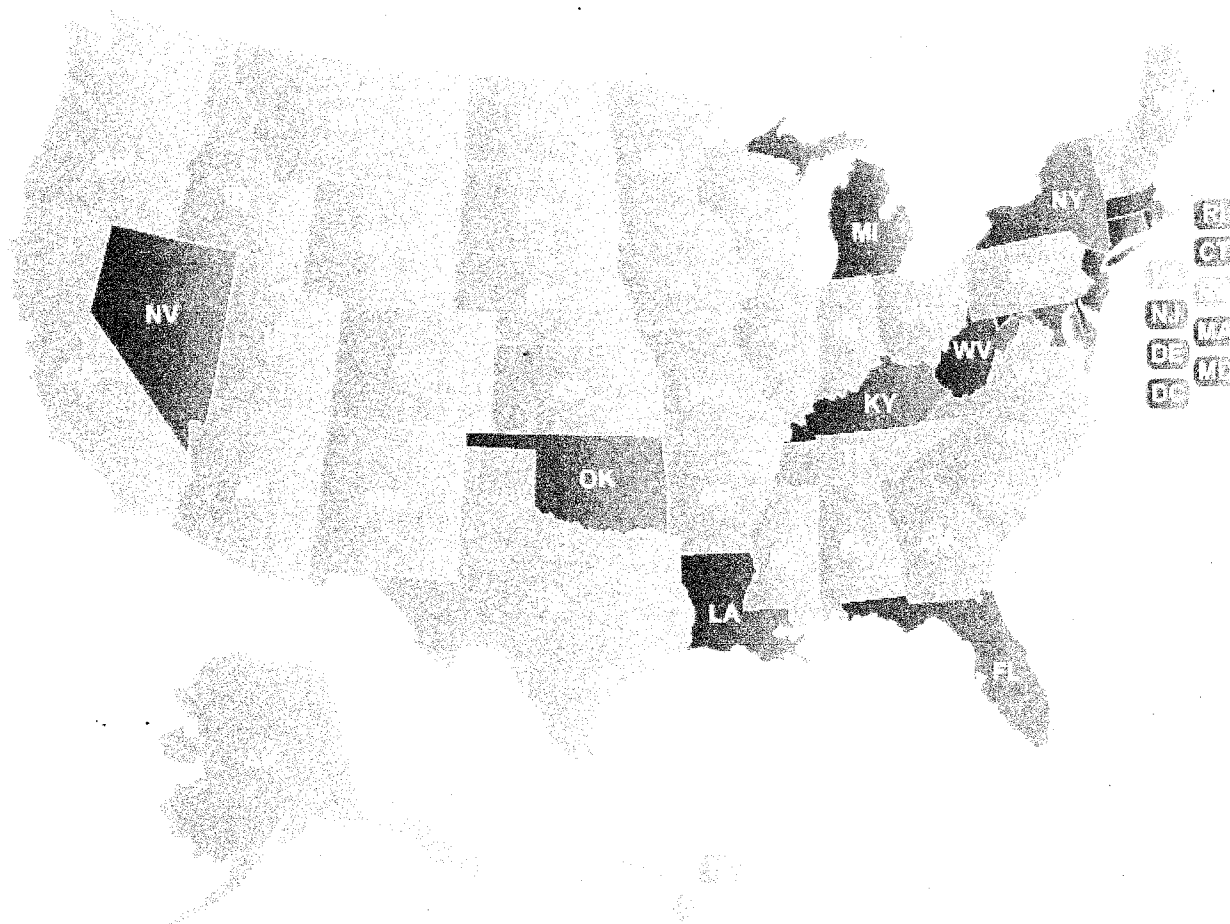
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State Average Rates - Compared To National Average Auto Insurance Rates



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CPI Historical Average Premiums













You can read more about auto insurance rates on the [CarInsurance.com Premium Index](#) page. These are the historical premium trends for each state and nationally.

Location	2009	2010	2011	Annual Change	Jan-2011	Feb-2011	Monthly Change
National	\$1,736	\$1,539	\$1,433	6.88 %	\$1,442	\$1,425	1.17 %
Alaska	\$2,218	\$1,875	\$1,363	*	*	*	*
Alabama	\$1,421	\$1,239	\$1,303	5.16 %	\$1,325	\$1,286	2.94 %
Arkansas	\$1,283	\$1,203	\$1,166	3.07 %	\$1,185	\$1,153	2.70 %

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Arizona	\$1,763	\$1,372	\$1,062		25.59 %	\$1,104	\$1,025		7.15 %
California	\$1,650	\$1,286	\$1,167		29.25 %	\$1,144	\$1,187		3.75 %
Colorado	\$1,631	\$1,349	\$1,159		24.08 %	\$1,210	\$1,116		7.76 %
Connecticut	\$2,136	\$2,011	\$1,816		9.99 %	\$1,776	\$1,845		3.88 %
District of Columbia	\$2,437	\$2,282	\$2,055		*	*	*		*
Delaware	\$2,279	\$2,203	\$2,013		8.62 %	\$1,884	\$2,128		12.95 %
Florida	\$1,668	\$1,675	\$1,696		1.25 %	\$1,715	\$1,678		2.15 %
Georgia	\$1,558	\$1,362	\$1,291		5.21 %	\$1,334	\$1,251		6.22 %
Hawaii	\$1,354	\$1,120	\$1,105		*	*	*		*
Iowa	\$1,249	\$1,014	\$690		*	*	\$753		*
Idaho	\$1,411	\$1,156	\$1,032		*	*	*		*
Illinois	\$1,211	\$1,286	\$924		26.14 %	\$981	\$882		10.09 %
Indiana	\$1,716	\$1,243	\$972		21.80 %	\$984	\$960		2.43 %
Kansas	\$1,868	\$1,507	\$1,266		15.99 %	\$1,261	\$1,272		0.87 %
Kentucky	\$1,931	\$1,678	\$1,732		3.21 %	\$1,746	\$1,722		1.37 %
Louisiana	\$2,310	\$2,042	\$1,680		17.72 %	\$1,679	\$1,681		0.11 %
Maryland	\$2,296	\$2,112	\$1,912		9.46 %	\$1,846	\$1,962		6.28 %
Maine	\$1,408	\$1,129	\$1,071		*	*	*		*
Michigan	\$2,241	\$1,904	\$1,528		19.74 %	\$1,480	\$1,571		6.14 %
Minnesota	\$1,765	\$1,517	\$1,184		21.95 %	\$1,207	\$1,164		3.56 %
Missouri	\$1,610	\$1,396	\$1,094		21.63 %	\$1,087	\$1,098		1.01 %
Mississippi	\$1,419	\$1,197	\$1,120		6.43 %	\$1,117	\$1,123		0.53 %
Montana	\$1,583	\$1,440	\$1,307		*	*	*		*
North Carolina	\$1,550	\$1,353	\$1,225		9.46 %	\$1,205	\$1,242		3.07 %
North Dakota	\$1,375	\$1,257	\$1,323		*	*	*		*
Nebraska	\$1,386	\$1,380	\$1,177		*	*	*		*
New Hampshire	\$1,586	\$1,253	\$1,113		11.17 %	\$1,150	\$1,079		6.17 %
New Jersey	\$2,499	\$2,479	\$2,347		5.32 %	\$2,380	\$2,318		2.60 %
New Mexico	\$1,842	\$1,606	\$1,279		*	*	\$1,294		*
Nevada	\$2,029	\$1,781	\$1,572		11.73 %	\$1,560	\$1,583		1.47 %
New York	\$2,394	\$2,380	\$2,703		13.57 %	\$2,661	\$2,747		3.23 %
Ohio	\$1,392	\$1,212	\$952		21.45 %	\$922	\$973		5.53 %
Oklahoma	\$2,006	\$1,803	\$1,539		14.64 %	\$1,565	\$1,512		3.38 %
Oregon	\$1,722	\$1,475	\$1,159		21.42 %	\$1,143	\$1,172		2.53 %
Pennsylvania	\$1,988	\$1,692	\$1,377		18.61 %	\$1,401	\$1,358		3.06 %
Rhode Island	\$2,270	\$2,279	\$2,064		9.43 %	\$1,958	\$2,171		10.87 %
South Carolina	\$1,595	\$1,505	\$1,307		13.15 %	\$1,420	\$1,198		15.63 %
South Dakota	\$1,240	\$1,202	\$922		*	*	*		*
Tennessee	\$1,521	\$1,308	\$963		26.37 %	\$951	\$973		2.31 %
Texas	\$1,809	\$1,518	\$1,273		16.13 %	\$1,252	\$1,292		3.19 %
Utah	\$1,660	\$1,428	\$1,338		6.30 %	\$1,470	\$1,220		17.62 %

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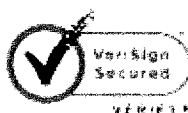
<u>Virginia</u>	\$1,441	\$1,306	\$1,156	 11.48 %	\$1,065	\$1,216	 14.17 %
<u>Vermont</u>	\$1,291	\$1,219	\$901	 *	*	*	 *
<u>Washington</u>	\$1,842	\$1,626	\$1,360	 15.35 %	\$1,345	\$1,371	 1.93 %
<u>Wisconsin</u>	\$1,531	\$1,167	\$1,060	 9.16 %	\$1,114	\$1,009	 9.42 %
<u>West Virginia</u>	\$1,960	\$1,837	\$1,760	 4.19 %	\$1,600	\$1,895	 18.45 %
<u>Wyoming</u>	\$1,417	\$1,394	\$930	 *	*	*	 *

NA-CarInsurance.com did not offer quotes during this entire period.

*-Indicates insufficient data to meet CPI's study criteria, for informational purposes only.

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1 person would believe the insured or beneficiary was entitled by reference to written or printed
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3 through industry recognized software programs or systems for paint and refinishing materials in
4 auto body repair claims; and/or
5 (b)(1) Nothing contained in subsections 27-9.1-4(a) (19), (20), & (21) of this chapter
6 shall be construed to interfere with an auto body repair facility's contract with an insurance
7 company.
8 (2) If an insurance company and auto body repair facility have contracted under a direct
9 repair program or any similar program thereto the provisions of subsections 27-9.1-4(a) (19), (20)
10 & (21) shall not apply.
11 (3) If the insured or claimant elects to have the vehicle repaired at a shop of his or her
12 choice, the insurer shall not limit or discount the reasonable repair costs based upon the charges
13 that would have been incurred had the vehicle been repaired by the insurer's chosen shop(s).
14 SECTION 2. This act shall take effect upon passage.

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LC02021/SUB A

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Date: January 21, 2009

Contact: David Corum
Phone: 610-644-2212, ext. 7506
E-mail: corum@cpcuiia.org

Economic Downturn May Push Percentage of Uninsured Motorists to All-Time High

MALVERN, Pa.—Approximately one in six drivers across the United States may be driving uninsured by 2010, according to a recent study from Insurance Research Council (IRC). Although the estimated percentage of uninsured motorists decreased nationally, from 14.9 percent in 2003 to 13.8 percent in 2007, the recent economic downturn is expected to trigger a sharp rise in the uninsured motorist rate.

The recently released study, *Uninsured Motorists, 2008 Edition*, estimates the percentage of uninsured drivers countrywide and by state for the period 2005 to 2007. The IRC estimates the uninsured driver population using a ratio of insurance claims made by individuals who were injured by uninsured drivers to claims made by individuals who were injured by insured drivers. The study contains recent statistics by state on uninsured motorists claim frequency, bodily injury liability claim frequency, and the ratio of uninsured motorists to bodily injury claim frequencies.

The magnitude of the uninsured motorists problem varied widely from state to state. In 2007, the five states with the highest uninsured driver estimates were New Mexico (29 percent), Mississippi (28 percent), Alabama (26 percent), Oklahoma (24 percent), and Florida (23 percent). The five states with the lowest uninsured driver estimates were Massachusetts (1 percent), Maine (4 percent), North Dakota (5 percent), New York (5 percent), and Vermont (6 percent).

The report also found a strong correlation between the percent of uninsured motorists and the unemployment rate: An increase in the unemployment rate of one percentage point is associated with an increase in the uninsured motorist rate of more than three-quarters of a percentage point. Based on current unemployment rate projections, the percentage of uninsured motorists is expected to rise from 13.8 in 2007 to 16.1 in 2010.

"An increase in the number of uninsured motorists is an unfortunate consequence of the economic downturn and illustrates how virtually everyone is affected by recent economic developments," said Elizabeth A. Sprinkel, senior vice president of the IRC. "Responsible drivers who purchase insurance end up paying for injuries caused by uninsured drivers."

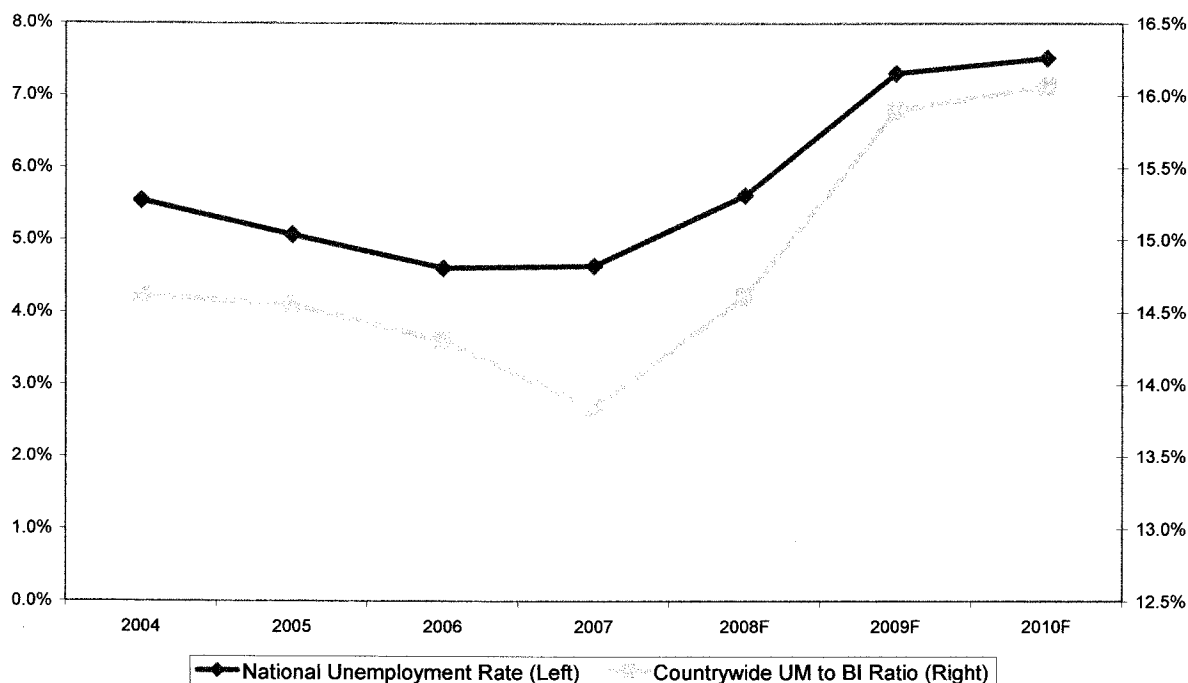
The IRC study examined data collected from nine insurers, representing approximately 50 percent of the private passenger auto insurance market in the U.S. For more detailed information on the study's methodology and findings, contact David Corum by phone at (610) 644-2212, ext. 7506; by fax at (610) 640-5388; or by e-mail at irc@cpcuia.org; or visit the IRC's Web site at www.ircweb.org. Copies of the study are available for \$125 each in the U.S. (\$140 elsewhere) postpaid from the Insurance Research Council, 718 Providence Rd., Malvern, Pa. 19355-3402. Phone: (610) 644-2212, 7574. Fax: (610) 640-5388.

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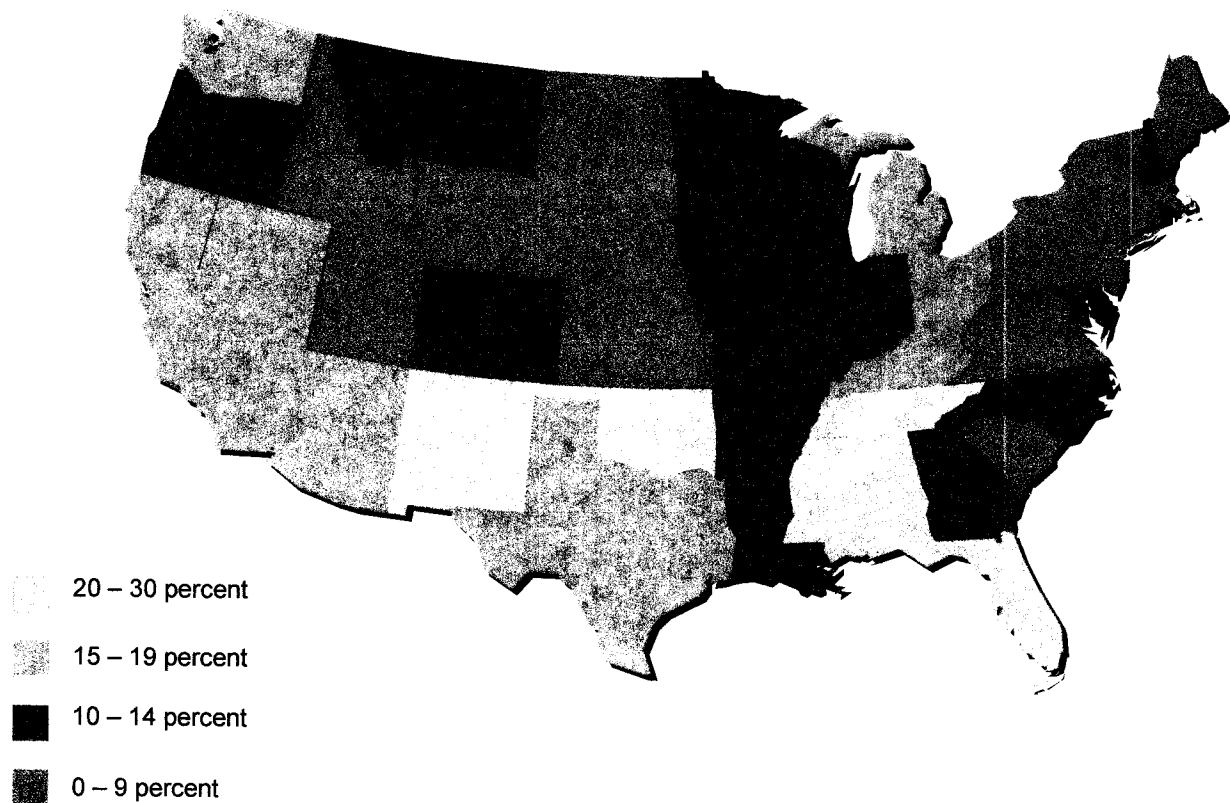
NOTE TO EDITORS: The Insurance Research Council is a division of the American Institute for CPCU and the Insurance Institute of America. The Institutes are independent, not-for-profit organizations dedicated to providing educational programs, professional certification, and research for the property-casualty insurance business. The IRC provides timely and reliable research to all parties involved in public policy issues affecting insurance companies and their customers. The IRC does not lobby or advocate legislative positions. It is supported by leading property-casualty organizations.

UM to BI Claim Frequency Ratio Expected to Increase

Historical Data: 2004-2007, Forecasts: 2008-2010



**Variation By State of Uninsured Motorists Percentage
Based on 2007 UM to BI Frequency Ratios**



Estimated Percentage of Uninsured Motorists by State in 2007

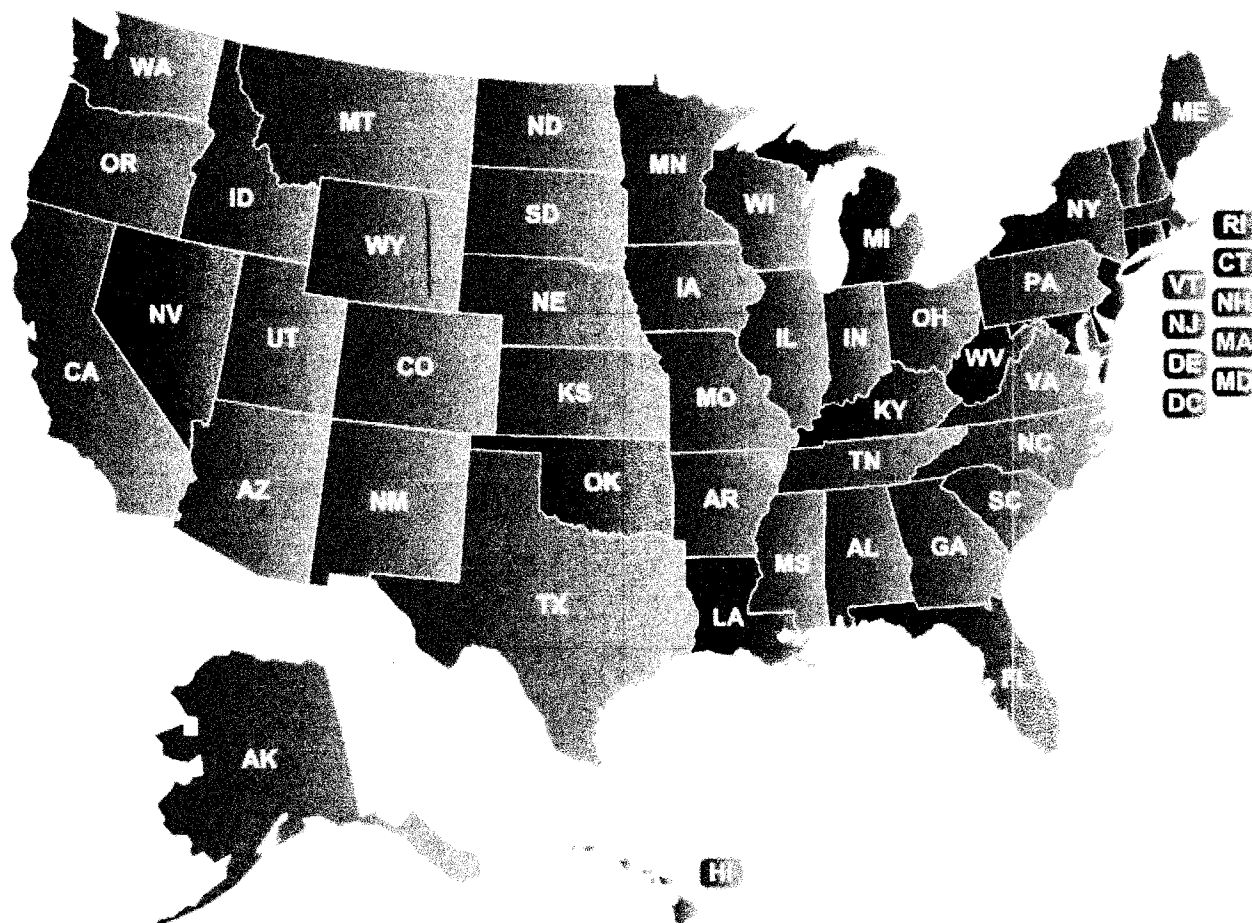
<u>State</u>	<u>Uninsured</u>	<u>State</u>	<u>Uninsured</u>	<u>State</u>	<u>Uninsured</u>
New Mexico	29%	Montana	15%	Kansas	10%
Mississippi	28%	Colorado	15%	Connecticut	9%
Alabama	26%	D.C.	15%	Virginia	9%
Oklahoma	24%	Indiana	14%	South Carolina	9%
Florida	23%	Missouri	14%	Idaho	9%
Tennessee	20%	Rhode Island	14%	Wyoming	9%
California	18%	Alaska	13%	New Jersey	8%
Arizona	18%	Maryland	12%	Utah	8%
Michigan	17%	Hawaii	12%	Nebraska	8%
Washington	16%	Louisiana	12%	West Virginia	8%
Ohio	16%	Iowa	12%	Pennsylvania	7%
Kentucky	16%	Minnesota	12%	South Dakota	7%
Texas	15%	North Carolina	12%	Vermont	6%
Nevada	15%	Georgia	12%	New York	5%
Arkansas	15%	New Hampshire	11%	North Dakota	5%
Wisconsin	15%	Oregon	11%	Maine	4%
Illinois	15%	Delaware	10%	Massachusetts	1%


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Average Auto Insurance Rates

State Average Rates - Compared To National Average Auto Insurance Rates

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CPI Historical Average Premiums

You can read more about auto insurance rates on the [CarInsurance.com Premium Index](#) page. These are the historical premium trends for each state and nationally.

Location	2009	2010	2011	Annual Change	Jan-2011	Feb-2011	Monthly Change
National	\$1,736	\$1,539	\$1,433	▼ 6.88 %	\$1,442	\$1,425	▼ 1.17 %
Alaska	\$2,218	\$1,875	\$1,363	▼ *	*	*	▼ *
Alabama	\$1,421	\$1,239	\$1,303	▲ 5.16 %	\$1,325	\$1,286	▼ 2.94 %
Arkansas	\$1,283	\$1,203	\$1,166	▼ 3.07 %	\$1,185	\$1,153	▼ 2.70 %

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Arizona	\$1,763	\$1,372	\$1,062	▼	22.59 %	\$1,104	\$1,025	▼	7.15 %
California	\$1,650	\$1,286	\$1,167	▼	9.25 %	\$1,144	\$1,187	▲	3.75 %
Colorado	\$1,631	\$1,349	\$1,159	▼	14.08 %	\$1,210	\$1,116	▼	7.76 %
Connecticut	\$2,136	\$2,011	\$1,816	▼	9.69 %	\$1,776	\$1,845	▲	3.88 %
District of Columbia	\$2,437	\$2,282	\$2,055	▼	*	*	*	▲	*
Delaware	\$2,279	\$2,203	\$2,013	▼	8.62 %	\$1,884	\$2,128	▲	12.95 %
Florida	\$1,668	\$1,675	\$1,696	▲	1.25 %	\$1,715	\$1,678	▼	2.15 %
Georgia	\$1,558	\$1,362	\$1,291	▼	5.21 %	\$1,334	\$1,251	▼	6.22 %
Hawaii	\$1,354	\$1,120	\$1,105	▼	*	*	*	▼	*
Iowa	\$1,249	\$1,014	\$690	▼	*	*	\$753	▲	*
Idaho	\$1,411	\$1,156	\$1,032	▼	*	*	*	▼	*
Illinois	\$1,211	\$1,286	\$924	▼	28.14 %	\$981	\$882	▼	10.09 %
Indiana	\$1,716	\$1,243	\$972	▼	21.80 %	\$984	\$960	▼	2.43 %
Kansas	\$1,868	\$1,507	\$1,266	▼	15.99 %	\$1,261	\$1,272	▲	0.87 %
Kentucky	\$1,931	\$1,678	\$1,732	▲	3.21 %	\$1,746	\$1,722	▼	1.37 %
Louisiana	\$2,310	\$2,042	\$1,680	▼	17.72 %	\$1,679	\$1,681	▲	0.11 %
Maryland	\$2,296	\$2,112	\$1,912	▼	9.46 %	\$1,846	\$1,962	▲	6.28 %
Maine	\$1,408	\$1,129	\$1,071	▼	*	*	*	▲	*
Michigan	\$2,241	\$1,904	\$1,528	▼	19.74 %	\$1,480	\$1,571	▲	6.14 %
Minnesota	\$1,765	\$1,517	\$1,184	▼	21.95 %	\$1,207	\$1,164	▼	3.56 %
Missouri	\$1,610	\$1,396	\$1,094	▼	21.63 %	\$1,087	\$1,098	▲	1.01 %
Mississippi	\$1,419	\$1,197	\$1,120	▼	6.43 %	\$1,117	\$1,123	▲	0.53 %
Montana	\$1,583	\$1,440	\$1,307	▼	*	*	*	▼	*
North Carolina	\$1,550	\$1,353	\$1,225	▼	9.46 %	\$1,205	\$1,242	▲	3.07 %
North Dakota	\$1,375	\$1,257	\$1,323	▲	*	*	*	▲	*
Nebraska	\$1,386	\$1,380	\$1,177	▼	*	*	*	▲	*
New Hampshire	\$1,586	\$1,253	\$1,113	▼	11.17 %	\$1,150	\$1,079	▼	6.17 %
New Jersey	\$2,499	\$2,479	\$2,347	▼	5.32 %	\$2,380	\$2,318	▼	2.60 %
New Mexico	\$1,842	\$1,606	\$1,279	▼	*	*	\$1,294	▲	*
Nevada	\$2,029	\$1,781	\$1,572	▼	11.73 %	\$1,560	\$1,583	▲	1.47 %
New York	\$2,394	\$2,380	\$2,703	▲	13.57 %	\$2,661	\$2,747	▲	3.23 %
Ohio	\$1,392	\$1,212	\$952	▼	21.45 %	\$922	\$973	▲	5.53 %
Oklahoma	\$2,006	\$1,803	\$1,539	▼	14.64 %	\$1,565	\$1,512	▼	3.38 %
Oregon	\$1,722	\$1,475	\$1,159	▼	21.42 %	\$1,143	\$1,172	▲	2.53 %
Pennsylvania	\$1,988	\$1,692	\$1,377	▼	18.61 %	\$1,401	\$1,358	▼	3.06 %
Rhode Island	\$2,270	\$2,279	\$2,064	▼	9.43 %	\$1,958	\$2,171	▲	10.87 %
South Carolina	\$1,595	\$1,505	\$1,307	▼	13.15 %	\$1,420	\$1,198	▼	15.63 %
South Dakota	\$1,240	\$1,202	\$922	▼	*	*	*	▼	*
Tennessee	\$1,521	\$1,308	\$963	▼	26.37 %	\$951	\$973	▲	2.31 %
Texas	\$1,809	\$1,518	\$1,273	▼	16.13 %	\$1,252	\$1,292	▲	3.19 %
Utah	\$1,660	\$1,428	\$1,338	▼	6.30 %	\$1,470	\$1,220	▼	17.00 %

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Virginia	\$1,441	\$1,306	\$1,156	▼	11.48 %	\$1,065	\$1,216	▲	14.17 %
Vermont	\$1,291	\$1,219	\$901	▼	*	*	*	▼	*
Washington	\$1,842	\$1,626	\$1,360	▼	16.35 %	\$1,345	\$1,371	▲	1.93 %
Wisconsin	\$1,531	\$1,167	\$1,060	▼	9.16 %	\$1,114	\$1,009	▼	9.42 %
West Virginia	\$1,960	\$1,837	\$1,760	▼	4.19 %	\$1,600	\$1,895	▲	18.43 %
Wyoming	\$1,417	\$1,394	\$930	▼	*	*	*	▼	*

NA-CarInsurance.com did not offer quotes during this entire period.

*-Indicates insufficient data to meet CPI's study criteria, for informational purposes only.

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